

U.S. Department of Housing and Urban Development

550 12th, SW
Suite 100
Washington, D.C. 20410



OFFICE OF PUBLIC AND INDIAN HOUSING
REAL ESTATE ASSESSMENT CENTER

To: All HUD Inspectors Certified in the use of the Uniform Physical Condition Standards (UPCS) Inspection Protocol

FROM: Robert L. Garrett
Inspector Administration

SUBJECT: Conflict of Interest Policy for Servicing Mortgagee Inspections
(Inspector Notice No. 2006-01)

EFFECTIVE DATE: November 3, 2006

The purpose of this notice is to provide guidelines to all active inspectors who perform inspections on behalf of Servicing Mortgagees. Please be advised that an inspector may not provide inspection services due to conflicts of interest established below:

1. Any property in which the contractor, inspector, or any business associate or any immediate family member of those parties has a financial interest on its ownership or management.
2. Any property in which the contractor, inspector, or any business associates or immediate family members of the contractor or inspector have performed any other work of any nature under contract or purchase order from that property owner.
3. Any other condition, situation or relationship exists where the objectivity of the inspector or contractor with regard to the property may be called into question.

By accepting inspection work on behalf of the Servicing Mortgagee, the inspector is validating that to the best of his or her knowledge and belief, and except as otherwise disclosed, he or she does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a Government contract and a Servicing Mortgagee's organizational, financial, contractual or other interests are such that the inspector's objectivity in performing the inspection is or might be otherwise impaired.

INSPECTOR RESPONSIBILITY

The inspector agrees that if after being assigned the work he or she discovers an organizational conflict of interest with respect to the inspection, he or she shall make an immediate and full disclosure in writing to REAC Inspector Administration at the following address:

U.S. Department of Housing and Urban Development
PIH-REAC Inspector Administration
550 12th Street, SW
Suite 100
Washington, DC 20410

It is critical that you include a complete description of the action that the inspector has taken or intends to take to eliminate or neutralize the conflict.

The Government may, however, cancel the inspection at the convenience of the Government if it would be in the best interest of the Government.

In the event the inspector was aware of an organizational conflict of interest before the inspection was assigned to the inspector and intentionally did not disclose the conflict to the REAC Inspector Administration, the Government may suspend or decertify the inspector.

[End]